DOCUMENT RESUME

ED 270 865 EA 018 545

AUTHOR Raze, Nasus
TITLE Overview of Strategic Planning. Administrative Report.
INSTITUTION San Mateo County Office of Education, Redwood City, CA. SMERC Information Center.
PUB DATE Jan 86
NOTE 20p.
PUB TYPE Information Analyses (070) -- Viewpoints (120)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Educational Assessment; *Educational Development; Educational Objectives; *Educational Planning; Elementary Secondary Education; *Long Range Planning; Master Plans; Organizational Development; *Organizational Objectives; *Policy Formation; Systems Analysis; Trend Analysis

ABSTRACT

Strategic planning is a process by which the guiding members of an organization envision its future and develop tactics to achieve that future. This paper discusses the nature and purposes of strategic planning in educational organizations, and presents a 10-step generic model to illustrate the basic components of strategic planning. These 10 steps, each discussed in depth, are as follows: (1) pre-planning; (2) the values audit, where organizational values are determined; (3) development of mission statements; (4) the environmental scan, to identify trends, threats, and opportunities facing the organization; (5) the resource audit, to identify internal strengths and weaknesses; (6) the building of a strategic profile, setting goals for where the organization wants to be in three years and how progress toward those goals can be measured; (7) the performance audit, to assess the current state of the organization when measured against the goals; (8) the development of functional plans to allocate resources toward achieving goals; (9) implementation of the functional plans at the program level; and (10) evaluation of progress toward goals and of the strategic planning effort as a whole. The objectives of strategic planning are to focus attention on the organization's role and purpose, to recognize internal and external realities, to maximize opportunities for the organization's survival and growth, to allocate resources according to priorities, and to reach consensus on future strategies. (TE)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED270865

EA

Administrative Report

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

X This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

Jean Holbrook

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

OVERVIEW OF STRATEGIC PLANNING

by

Nasus Raze
SMERC Information Center
San Mateo County Office of Education
January 1986

Copyright© 1985 by the San Mateo County Office of Education. Permission is granted to educators to duplicate small portions of this work for their own use but not for sale, provided that proper credit is given.

This report is a review of the literature on a current educational topic. It is intended to be an unbaised summary and does not necessarily reflect the positions or opinions of the San Mateo County Office of Education or its staff.

SMERC Information Center, San Mateo County Office of Education. 333 Main Street, Redwood City, CA 94063
(415) 363-5450

EA 018 545

Definition of Strategic Planning

Strategic planning is a process by which the guiding members of an organization envision its future and develop tactics to achieve that future. It asks the central questions: What business are we in? Where are we now and where do we want to be in three years? What are the best ways of getting from here to there? Every year, strategic planning calls for the organization to re-examine itself and ask: How far have we come toward our goals? Do we still want to reach the same destination? Are we still on course?

Organizations are like living organisms: they are dynamic and constantly changing. Like all living things, organizations must continually adapt to their changing environments to stay alive. Planning is a way of coping with change effectively, to ensure institutional survival. When resources are tight managers may think they need money, not strategy, but planning is especially important when there are limited resources to ensure that they are allocated according to the organization's priorities.

Strategic planning is not a prescription or a recipe: it is a management style, a survival skill for organizations. It requires a vision of where the organization wants to be in the future. Envisioning the future involves believing that what you do now can influence or even create your future. There is no choice but to plan strategically if an organization wants to survive.

Strategic planning is different from other planning methods because it considers the environment as a key factor in any decision. Every organization exists within the larger sphere of its field or industry,

and the political, social, economic and technological environments in which the organization must operate. For example, the environment in education is changing. Demographic trends, new technology, mandates from the state--all these factors are bombarding educators with both opportunities and threats. It is difficult to look ahead and accurately pinpoint opportunities or danger signals when managers are so involved to day-to-day decision making. Strategic planning provides an organized way of keeping an eye on the future.

Strategic planning seeks the best possible fit between opportunities in the environment and the capacity of the organization to respond to those opportunities, in order to achieve the organization's overall goals. The essence of strategic planning is to effectively relate the institution to its ever-changing environment to ensure success.

Strategic planning is positive and proactive. It focuses on decisions and integrates strategy into the mainstream of the organization's day-to-day decision making. Resources are allocated according to priorities. The organization is constantly planning and implementing plans at the same time. Short and long range plans are integrated so that short term activities further the long range goals of the organization.

Strategic planning is usually a function of upper management. It involves the capacity to see the organization as a whole, and top managers have that vantage point. It is generally a top-down process with staff input at appropriate points. Top level managers set the strategies and managers at the program level operationalize them.

Strategic planning ensures a continuous flow of guidance for the whole organization from the top. It provides criteria for all managers to use in making day-to-day decisions. Its ultimate goal is to achieve strategic management, the daily implementation of the organization's overall strategy by all its managers.

In strategic planning the process is as important as the product. The emphasis is not on plans but on action and decision making. Strategic planning is characterized by self examination, establishing priorities and making difficult choices. It also forces management to look outward and to recognize that every organization has competitors. It directs attention to the future so that the organization can adapt to change. While traditional long range planning uses present data to make decisions about the future, strategic planning uses future trends to make decisions about the present.

Strategic planning has been used by the military for thousands of years. The word strategy, meaning a tactic or plan, comes from a Greek word meaning "generalship." Strategic planning has been popular in the corporate world for about 20 years and is increasingly used by nonprofit organizations. In education, colleges and universities were the first to use it, mainly in response to enrollment declines and increased competition beginning in the 1970s. Strategic planning is becoming increasingly common at the county office and school district levels.

What makes an organization ready for strategic planning? There must be general agreement that some problems exist; that the organization is not fully where it wants to be. A felt need to "do something" must be present. Top administrators must be supportive and involved, providing

opportunities to plan and the resources needed for the effort. There should be no immediate crisis to be faced, as an initial strategic planning effort takes about a year.

Strategic Planning Process

The diagram in Figure 1 conceptualizes the strategic planning process. The general idea is that the overall mission of the organization drives its goals, which in turn drive its strategies. Progress toward goals is evaluated regularly. The planning process is repeated every year, usually in a streamlined form after the first year. The overarching concept of awareness of the organization's changing environment ties together all aspects of strategic planning.

The remainder of this report presents a more detailed generic strategic planning process incorporating ideas from ten different models. All the models are valid and the generic model contains the concepts that they have in common, to get to the essence of what strategic planning involves. The purpose of the generic model is to illustrate the basic components that might be found in a strategic planning process.

There are ten steps in the generic strategic planning process:

1. pre-planning;

2. the values audit, where organizational values are determined;

3. development of mission statements;

4. the environmental scan, to identify trends, threats, and opportunities facing the organization;

5. the resource audit, to identify internal strengths and weaknesses;

6. the building of a strategic profile, setting goals for where the organization wants to be in three years and how progress toward the goals will be measured;

7. the performance audit, to assess the current state of the organization when measured against the goals;

8. the development of functional plans to allocate resources toward achieving goals;

9. implementation of the functional plans at the program level;

10. evaluation of progress toward goals and of the strategic planning effort as a whole.

These steps are outlined in greater detail in Figure 2. Different organizations use various modifications of these steps in their own systems of planning. Different steps can be used or the order can be changed. The process can be as unique as the organization itself. There is no right way except what works best for the particular organization at the time.

Step 1: Pre-planning

The first step is pre-planning, or planning to plan. Upper management decides who will be involved in the planning team, which is usually made up of top managers and includes no more than 12 people. All managers will be called on to supply data for the planning effort and to implement the action plans that are eventually developed. Usually a facilitator or consultant is brought in to help develop the process and

to lead the planning team through it. This facilitator usually comes from outside the organization, or at least from outside the planning team. As a neutral guide with knowledge of the planning process, the facilitator plays an important role in focusing the energies of the planning team.

The process itself is agreed upon and timelines are drawn up. The initial cycle usually takes a year and the results drive the budget for the following year. The planning cycle is repeated each year to assess how far the organization has moved toward its goals, and to drive the budget for the next year. After the first year the process may only take a few months. This is possible because the planning team is now well-versed in the process and because some of the steps may not need to be repeated in depth every year.

During the pre-planning phase, the team decides when and how the planning effort itself will be evaluated so that the process can be modified if necessary before the next year's planning cycle begins.

Step 2: Values Audit

The next step, the values audit, brings out the strong humanistic aspect of strategic planning. Since the entire planning focus is on process more than product, the human side is paramount. Bringing in values humanizes the process.

Values are beliefs expressed through behavior. It is important to discuss values at the beginning of planning because values, whether they are explicitly stated or not, are what drive the organization. The values audit may be the most important and most difficult phase of the strategic planning process, because any plan that is not consistent with

the values of the organization will not succeed. The whole of strategic planning might be seen as a values clarification process.

It is important to recognize that managers themselves have personal values. Part of the values audit involves assessing the individual, personal values of upper managers. For instance, if one manager values security above all and one values risk taking most highly, there are bound to be conflicts when strategies are developed. The values audit helps the planning team come to consensus on what they feel should be the driving values of the organization. The strategic plan represents the implementation of the consensual values of the planning team.

The following are examples of values from different organizations. It is interesting to guess what type of organization is represented by each set of values. Example #1 comes from an organization that has defined five values for itself:

- quality;
- responsibility;
- mutual benefit;
- efficiency; and
- freedom.

Example #2 comes from another organization:

- empathy for customers;
- achievement and aggressiveness;
- positive social contribution;
- innovation and vision;
- individual performance;
- team spirit;

- quality and excellence;
- individual reward; and
- good management.

Example #3 states that this organization values:

- the community;
- high quality, responsive service;
- honesty and integrity;
- excellence;
- appreciation for employees.

Example #1 is Mars Candy Company, #2 is Apple Computer, and #3 is the City of San Mateo, California. These three organizations differ greatly in their missions, or what businesses they are in, but there are some similarities in their values.

Step 3: Mission Statement

The values audit is the foundation for strategic planning; the next step, the mission statement, forms the cornerstone on which the rest of the planning process is built. The mission is a long term vision of what the organization is or is striving to become. The mission statement is meant to broadly define what business the organization is in and where its distinctive competence lies, in order to direct the organization to its best opportunities for survival and growth.

The mission statement answers the questions: what business are we in? Who are our clients? What are our major activities or services? Both the identity and philosophy of the organization should be discernible in the mission statement.

The statement should be clearly understandable to all audiences, both within and outside the organization. Clarity is important because the mission statement will guide the entire strategic plan. The statement should be broad enough to be flexible and narrow enough to provide focus. It should be motivational and serve as a rallying point for all employees.

The mission statement is used as a template for decision making; all strategic planning decisions are held up to it to make sure that the organization's strategies match its mission. As the planning team proceeds through each step of the planning process, they look back at the mission statement to make sure they never lose sight of the overall direction they've set. Mission statements should be developed for the organization as a whole and for each of its major functional units.

Step 4: Environmental Scan

The next step, the environmental scan, is a way of looking at trends, opportunities and threats in the organization's social, economic, political and technological environments. Strategic planning is a means of coping with change and the environment is what changes. Trends in the environment can be gauged by brainstorming among the planning team, interviewing others with expertise in various areas, attending professional conferences, and scanning newspapers and professional journals.

All organizations face multiple environments, both friendly and hostile. The clientele may be friendly while the competitors may be considered hostile. All organizations have competitors because there is always someone competing for the same resources and there is usually

someone offering similar services that may compete for the same clientele.

A threat is any challenge that may lead to the organization's decline. Since not all threats merit a major response, each threat is measured for its severity and likelihood of occurring. By successfully managing threats the organization stays alive but does not grow, so it is also important to look at opportunities. An identical trend could present both a threat and an opportunity, depending on how the organization responded. By anticipating a future trend, management can be proactive in planning strategies to deflect any threats it poses and to take advantage of any opportunities it presents. The environmental scan can include needs assessments of identified client groups to discover trends and opportunities reflected in their changing needs.

One author said that the mission statement is a star to steer by and the environmental scan is a radar system to pick out rocks, reefs or clear water ahead.

Step 5: Resource Audit

The next step, the resource audit, is designed to assess the internal capabilities of the organization. Resources include personnel, equipment, facilities and funds. The resource audit presents a realistic picture of where the organization is now and where its strengths and weaknesses lie. When strategies are developed to take advantage of opportunities in the environment or to avoid threats, the planning team will be building on capabilities the organization already has or will be able to develop.

Data for the resource audit can be gathered from within the organization and by surveying outside groups to see what they see as the organization's strengths and weaknesses. This is a way of determining the organization's image among its clientele, important because its image can be one of an organization's greatest assets or liabilities.

The resource audit reveals the unique competencies of the organization that give it advantages over its competitors. It helps the planning team focus on what the organization does best. At the same time, weaknesses may be revealed that may be corrected when strategies and action plans are developed.

Step 6: Strategic Profile

The next step is to draw up a strategic profile showing where the organization wants to be in three years. The profile is in the form of organizational goals. A goal is a desired situation, a set of circumstances sought in pursuing the organization's mission. The planning team sets broad goals and specific, quantifiable objectives toward reaching those goals. The targets should be realistic and attainable.

This goal setting step should build on all the previous planning steps. The process might start with looking at present organizational goals and then deciding what the goals should be when the organization's values, mission, environment and resources are taken into account. The focus is on priorities which will drive the organization's strategies. Priority is placed on responding to those opportunities which are most ripe for the taking and those threats which are most critical.

The strategic profile, in addition to goals and objectives, includes criteria by which progress toward the goals will be measured. To keep the goals from becoming static and unresponsive to environmental changes, these criteria can be used as key indicators or trigger points to monitor progress along the way toward the goals. By regularly monitoring these key indicators, the planning team can change strategies when needed.

To summarize, the strategic profile is made up of goals, objectives, and measurement criteria. The profile serves as the model toward which the organization will strive, through its strategic plans, for the next three years.

Step 7: Performance Audit

The performance audit is a means of testing the strategic profile, which outlines where the organization wants to be in three years, against current reality. The planning team looks at the organization's recent performance by gathering data from both internal and external sources. The same measures that will be used over the next three years to assess progress toward the strategic goals are now used as performance indicators for the present state of the organization. This reveals how close or how far the organization is from its goals.

The performance audit can be based on data program evaluation reports, statistics on clientele and usage of services, budget data and other information that can be gathered internally. Surveys can be used to assess the opinions of clients on the organization's performance. The types of data gathered will depend on the performance measures being used.

The performance audit reveals the gaps between where the organization is now and its strategic profile, where it wants to be in three years. Is the organization capable of achieving its strategic goals in three years? If the gaps are very large the goals may be unrealistic and should be adjusted before planning proceeds further.

Step 8: Functional Plans

After assessing where the organization is now and testing the three-year goals against current reality, the next step is to develop functional plans to implement the overall strategies expressed in the strategic profile. Each division develops a functional plan and middle management becomes involved in developing action plans for each program. This planning process should occur before budgets are developed so that resource allocation can follow priorities. Measures by which each program's progress will be evaluated should also be developed by the managers.

Each program's plan should be checked against the organization's values and mission statement to make sure there is a good match. The organization's strategies are now expressed as objectives for specific programs. The managers should understand each other's plans so that each has a picture of what the other programs are doing. The strategic planning team then takes these functional plans and integrates them into the overall organizational plan and the overall budget. Short and long term plans are now integrated so that short term activities further the organization's long range goals.

Strategic planning may dictate changes in resource allocation. It may result in reorganization to ensure that organizational structure

follows strategy. These decisions are based on the previous steps of strategic planning: the organization's values, its mission, environmental trends, internal resources, strategic goals, and present performance.

Step 9: Implementation

After the functional plans are written and the overall budget developed, the plans are returned to managers to implement. Final implementation of the overall strategic plan involves the concurrent launching of all the operational plans designed at the program level. These plans are integrated and monitored at the organizational level.

At this point, strategic planning has filtered down to all levels of the organization. All staff should know what changes they're being asked to implement and why. This might require inservice for the staff and task forces to deal with specific implementation areas. Timelines for implementation should be made public.

Step 10: Evaluation

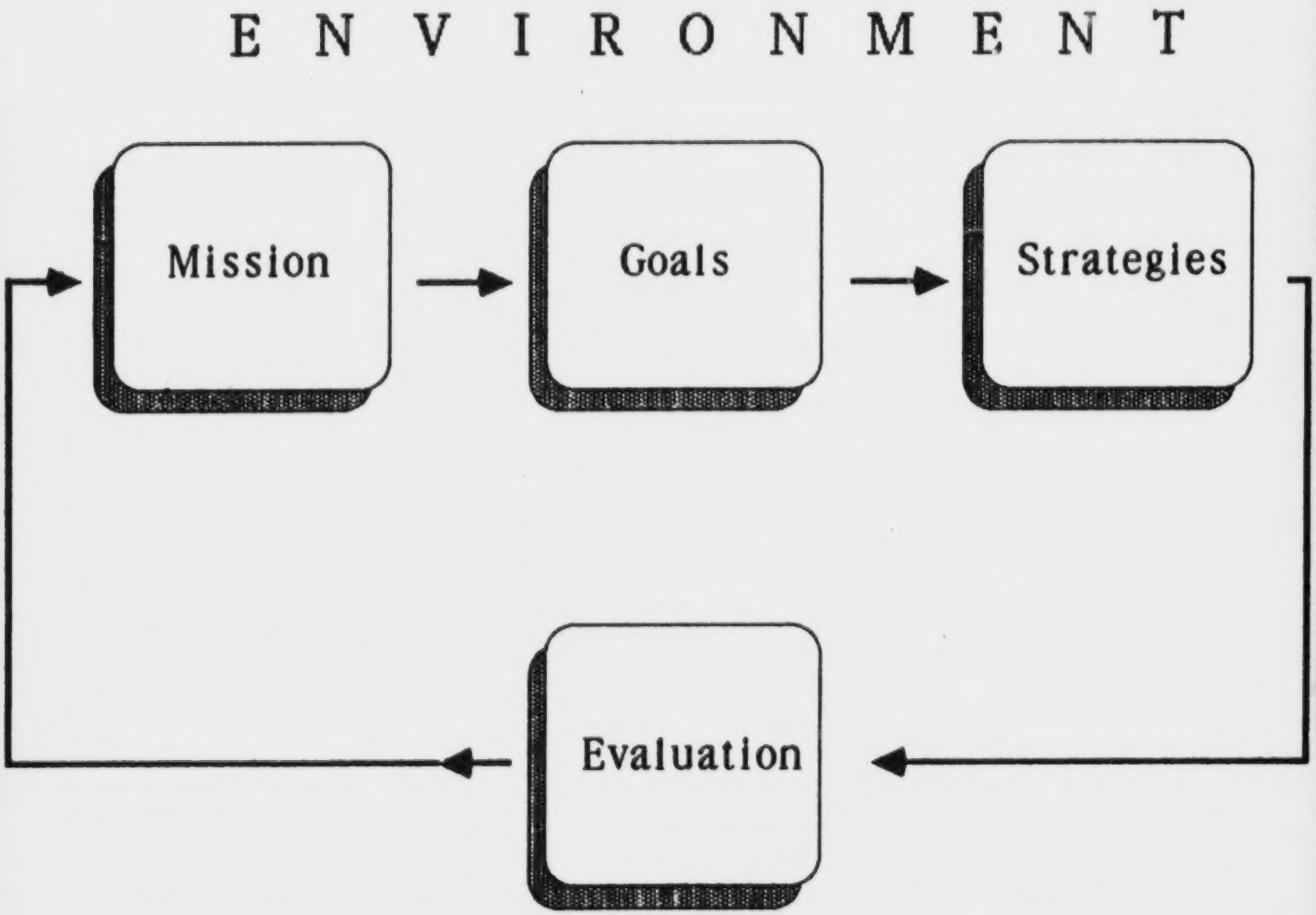
There are three evaluation components at the end of each strategic planning cycle. First, progress toward each of the strategic goals is measured by the criteria for each goal outlined in the strategic profile. Each program is evaluated by measures designed in its functional plan. Finally, the strategic planning process itself is evaluated by the criteria developed in the pre-planning phase. Any part of the strategic planning process may be revised if needed. Perhaps the process has revealed flaws in the mission statement or some other aspect of the plan and modifications are needed. The entire planning process itself can be revised and possibly shortened for the next cycle.

Conclusion

The objectives of strategic planning are:

- to focus attention on the organization's role and purpose;
- to recognize internal and external realities;
- to direct the organization toward its best opportunities for survival and growth;
- to allocate resources according to priorities; and
- to reach consensus on future strategies.

Strategic planning is a way of bringing values and visions to fruition while effectively coping with constant change. It is a way of influencing the future, a positive necessity for organizational survival.


E N V I R O N M E N T
Mission
Goals
Strategies
Evaluation

10 STEP GENERIC
STRATEGIC PLANNING MODEL

1. Pre-planning

- Forming planning team
- Bringing in facilitator or consultant
- Developing planning process
- Setting timelines
- Deciding how process will be evaluated

2. Values Audit

- Exploring personal values of planning team
- Formulating list of organizational values

3. Mission Statement

- Answering questions: What business are we in? Who are our clients? What are our major activities? What is our philosophy?
- Writing mission statements for organization and each unit

4. Environmental Scan

- Studying political, social, economic, technological environments
- Looking at trends, opportunities, threats and competition
- Assessing needs of clientele

5. Resource Audit

- Studying internal resources: personnel, equipment, facilities, funds
- Considering internal strengths and weaknesses

6. Strategic Profile

- Setting goals to reach in three years
- Developing objectives in pursuit of goals
- Formulating measurement criteria for progress toward each goal

7. Performance Audit

- Testing strategic profile against current reality
- Measuring recent performance against criteria from strategic profile
- Collecting internal and external evaluation data
- Assessing gaps between strategic profile and current state

8. Functional Plans

- Changing resource allocation and organizational structure if necessary
- Developing action plans to work toward strategic goals
- Drawing up budgets
- Checking program plans against values and mission statement

9. Implementation

- Launching functional plans
- Integrating and monitoring all plans at organizational level
- Informing staff about plans

10. Evaluation

- Checking progress toward strategic goals
- Evaluating each program according to its functional plan
- Evaluating the planning process itself

Fig. 2

SELECTED RESOURCES ON STRATEGIC PLANNING

Bozeman, William C., and Schmelzer, Sue. "Strategic Planning: Applications in Business and Education," Planning and Changing, Spring 1984, pp. 35-49.

Cope, Robert G. Strategic Planning, Management and Decision Making. AAHE ERIC/Higher Education Research Report No. 9. Washington, D.C.: American Association for Higher Education, 1981. ERIC Document ED 217 825.

Ellison, Nolen M. "Strategic Planning," Community and Junior College Journal, September 1977, pp. 32-35.

Ingram, Ruben. "Strategic Planning and Effective School Management: A Commentary," Thrust for Educational Leadership, January 1985, pp. 15-17, 46, 51.

Kotler, Philip, and Murphy, Patrick E. "Strategic Planning for Higher Education," Journal of Higher Education, September/October 1981, pp. 470-488.

Kotler, Philip. Marketing for Nonprofit Organizations. Englewood Cliffs, N.J.: Prentice-Hall, 1975.

Lake, Sara. "Strategic Planning," SMERC Alert!, November, 1985.

Lieber, Ralph H. "Your Mission: Deploy Strategic Planning in Schools," Executive Educator, March 1984, pp. 26-27, 29.

Pfeiffer, J. William, and others. Understanding Applied Strategic Planning: A Manager's Guide. San Diego: University Associates, 1985.

The SMERC Information Center (San Mateo Educational Resources Center) is a department within the Instructional Services Division of the San Mateo County (California) Office of Education. A pioneer in the field of educational information dissemination and online literature search services since 1967, SMERC meets the needs of practitioners by providing online access to ERIC (Educational Resources Information Center) and a rich collection of additional materials of particular relevance to educators. In addition to serving more than thirty agencies throughout California, the SMERC Information Center reaches subscribing agencies in Arizona, Washington, Oregon, Floria, Hawaii and the U. S. Virgin Islands.